CHAPTER- 1

INTRODUCTION

Although marketing is a new field of academic study as compared to such fields as chemistry and philosophy, marketing is not a new human activity. After all, people have always produced surplus goods or services that they wanted to barter or sell. To do so they first needed to find someone willing to make the exchange. The practice of marketing simply takes this basic human behavior and plans its strategic implementation.

Tourism is also a field of academic study, but it too is an activity with a long history. After all, people traveling to visit other places are not a recent phenomenon. As early as the religious pilgrimages of the Middle Ages, seeing the sites was always a part of the reason for undertaking a trip.

According to Robert and Joy (2001), “Tourism encompasses all short term movement of people away from their place of residence including that undertaken for business, holiday/pleasure and visiting friends and relatives.” Tourism is travel and temporary stay involving at least one night away from the region of a person’s usual domicile which is undertaken with the major expectation of satisfying leisure, pleasure, or recreational needs which are perceived as being better able to be satisfied than in the region of their domicile.”. “Tourism comprises “the activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes” (WTO, 1985).

Jha, S.M. (2006) has indicated the following definition for tourism: “Tourism is the totality of the relationship and phenomenon arising from the travel and stay of strangers, provided the stay does not imply the establishment of a permanent residence and is not connected with the remunerated activities.” “Tourism is an activity involving a complex mixture of material and psychological elements. The material ones are accommodations, transportation, the attractions and entertainment available. The psychological factors include a wide spectrum of attitudes and expectations.” “Tourism is a study of the demand for the supply of accommodation and supportive services for those staying away from home and the resultant patterns of expenditure, income creation and employment.”
“Tourism is the sum total of operations mainly of economic nature, which directly relate to the entry, stay and movement of foreigners, inside and outside a certain country, city or origin.” Tourism is a composite industry. It consists of various segments which can produce a wide range of products and services.”

Burkhart and Medlik (1981) opined that tourism marketing activities are systematic and co-coordinated efforts extended by national tourist organizations and or tourist enterprises or international, national and local levels to optimize the satisfaction of tourist groups and individuals in view of sustained tourism growth. Krippendorf (1987) defined marketing in tourism as to be understood as a systematic and co-coordinated execution of business policy by tourist undertaking s whether private or state-owned at local, regional, national or international levels to achieve the optional satisfaction of the needs of identifiable consumer groups and in doing so achieves an appropriate return. In view of the foresaid definitions, the following points emerge:

- Tourism marketing is an integrated effort to satisfy tourists by making available to them the best possible services.
- It is a device demand to transform the potential tourists into actual tourists.
- It is the safest way to generate demand and expand market.
- It is also supposed to be an effort to make possible harmony between the social interests and interactions of tourist organizations.
- It is an approach to promote business and to feed the organizations necessary information’s for framing and revamping the marketing Decisions.

The marketing of tourism is simply applying the appropriate marketing concepts to planning a strategy to attract visitors to, a destination, whether resort, city, region, or country. While there are many definitions of marketing, the definition of marketing used by the American marketing association on their website, www.marketingpower.com perhaps defines marketing best “the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals.”

Tourism is considered to be an economic bonanza. It is a multi-segment industry. Tourism has the following positive economic effects:

- Generates national income
- Expands employment opportunities
- Raises tax revenues
- Generates foreign exchanges
- Transforms regional economy

The definition describes marketing as an exchange that satisfies both the individual (the visitor) and the organization (in this case, the different destinations and the country).

Unfortunately marketing is sometimes misunderstood as only selling a destination convincing the tourist to visit even if they really don’t want to come. While selling is an important part of promotion, their would be no long – term gain for a destination to focus only on convincing people to visit without first making sure the destination offers the experience they desire. Even if a destination or a country used high-pressure sales techniques to convince tourists to visit, this would be a short-sighted strategy because tourism success relies on repeat visitors. A tourist swayed by a sales pitch that paints an unrealistic picture of what this destination has to offer would most likely be unhappy with the experience and not visit again. The definition states that the marketing exchange should also meet the needs of both the destination and those who live there. The destination has a mission to provide for the needs of its host communities, including maintaining the infrastructure, providing for public safety, and encouraging economic development. Therefore, developing the site as a tourist destination should be undertaken only if the economic benefits tourism can provide include increasing tax revenue so that more money is available for infrastructure maintenance, attracting visitors who may someday relocate to the destination, and providing economic development through attracting new businesses.

1.1 BACKGROUND OF THE STUDY

The standard strategic model for marketing a product is an equal focus on the “four Ps” of product, place (distribution), price and promotion. However, when applied to the marketing of destinations, this model must be adjusted. The destination as a product can only be experienced or consumed by traveling to that place.

Different visitors can consume this product/place at various price levels. The cost of producing the product or service is the “floor”. Prices must be set above the floor in order
to cover cost. Occasionally, for marketing purposes, such as rapid market entry or a price war against competitors, prices can be set at or below cost.

The “ceiling” is the price at which customers are willing to pay for a perception of value from the product or service, based upon what the product or service is worth to them. This is sometimes described as “what the market will bear.” Perceived value is created by an established reputation, marketing messages, packaging, sales environments and results delivered relative to customer needs. Somewhere between the floor and the ceiling is probably the right price for your product or service; a price that allows the company to make a fair profit and that seems reasonable to customers.

For example, a destination/site/city can provide expensive events, such as an opera festival, while at the same time providing free events, such as free concerts in the park. Even if a destination is worth visiting, tourism won’t develop unless this positive image is promoted. Because people must spend considerable time and money to visit a destination, unless the promotion effectively communicates the destination’s positive image tourist will not be attracted. Travel intermediaries on the other hand, play a significant role in linking the tourist with tourist service supplier companies. Travel intermediaries are companies that purchase tourist products such as tour packages for resale to their customers rather than for their own consumption.

Developing the tourist product, packaging and branding, and then planning the promotion must always focus on the needs and desires of a specific visitor group or segment. Therefore, segmenting potential visitors into different groups and then deciding which segments could be most easily persuaded to visit is very critical. Potential visitors can be segmented using various methods, such as Traditional demographic strategy that is grouping potential tourists by gender, age, income, occupation, and family life-cycle; geographic which may include local, regional, national, or international levels; psychographic includes different issues based on common interests, lifestyles, values, and social class; usage such as traditional tourists, day visitors, or business visitors.

To effectively market a destination/country, its image and brand must be developed and then communicated to the potential visitor. This positioning will describe a particular benefit the country has to offer. Once this has been accomplished, a brand image consisting of a slogan and logo will be created. As a final step in these processes,
communication will be developed to promote the brand. The brand should be incorporated into all the promotional material created by the destination or country.

Tourism marketing has multi-faceted objectives which include the following among the many:

- To satisfy the users: marketing is considered a customer satisfaction engineering
- To make possible operational economy
- To generate profits:
- To project a fair image
- To excel competition

The aforementioned objectives of tourism marketing make it clear that marketing of goods or services is more complex and extremely sophisticated. This research showed that it had become more sophisticated as users’ needs are becoming more sophisticated themselves.

1.2 SCOPE OF THE RESERCH

Tourism represents one of the world’s largest industries with nearly 700 million estimated international visitor arrivals in the year 2000. World Tourism Organization (WTO) statistics indicate that tourism will continue to expand over the years. According to WTO report, international tourist arrivals worldwide will reach 1.5 billion by 2020. These tourists in turn, spend trillions of dollars in the host countries visited during their travel, resulting in great increase in terms of economic activity. The force behind this complex activity encompasses a wide range of relationships in modern times.

Since the tourism industry is such an immense and complex activity, this study will only focus on identifying the level of satisfaction of travelers on hotel industry, investigates basic criteria’s for travelers destination preference and loyalty, assesses the performance level of travel and touring operators, identifies economic significance of tourism to the local economies or host communities, investigates the role of the Ethiopian Tourism Commission (ETC) and other stakeholders in making the country as one of the most attractive international traveler’s destinations. This paper only addresses international tourism and excludes domestic tourism.
The study covers the following specific areas:

- Investigates, the levels of international tourist satisfaction on the performance of the tourism industry with a special emphasis on hotels, travel agency and tour operators and various types tourism infrastructures.
- Identifies the most attractive tourism market segments in Ethiopia
- Assesses the contribution of tourism marketing in generating foreign currency or GDP and the country’s tourism market share in Global tourism market.
- Investigates the critical strategic success factors and promotional tools used by the Ethiopian Ministry of Culture and Tourism and other stakeholders, in enhancing the performance level of the tourism industry so as to make the country as one of the most attractive tourist destination in the world.
- Examines the contribution of tourism in benefiting the Local people including poverty elimination, creation of employment opportunity, business opportunities for local people, tourism infrastructural developments with a special emphasis on five selected local communities where tourist traffic is high as per the recommendation of Tourism Marketing Experts.
- Identifies major concerns and areas of improvements of tourism marketing activities in different tourist host communities

1.3 RATIONAL OF THE STUDY

Conducting a thorough analysis of the three major components of the tourism industry i.e. the hotel, travel and tour operators, transportation sector is highly pertinent to the case in point, if not complete. On the other hand, it is also appropriate to design an appropriate strategy in linking tourism with the broader development agenda by incorporating it, into poverty reduction strategy. In other words, the ultimate objective of tourism should go beyond foreign currency generation but also the satisfaction of both the tourists and the host communities. It is in line with this noble idea that an attempt will be made in investigating possible benefits to be gained from tourism by tourist host communities.

On the other hand, in poor countries like Ethiopia, where the intervention or role of the government is very critical to develop the tourism infrastructure which, in fact, can not be taken care of by the private sector only, investigating the contribution of the relevant government institution to make the country as an attractive international tourist destination
is quite detrimental or important. Thus, a thorough assessment of the role played by the Government to enhance the performance level of the tourism industry will be carried out. It is in the light of the above explanation, that this study will exert maximum efforts to come up with a grand picture of tourism marketing performance in Ethiopia. Ethiopia is internationally recognized as nature based and culture based destination but the tourist traffic is not satisfactory. Neighboring countries like Kenya, where there are no rich historical and cultural destinations/heritages, the annual income generated is much larger as compared to Ethiopia where there are abundant natural and manmade tourist destinations. The question that strikes any Ethiopian citizen is why Ethiopia’s tourist traffic is low? An answer has to be sought for such question.

Since other comprehensive studies have not been carried out in that very country this study will:

- Provide a grand picture regarding the tourism market in Ethiopia
- Stimulate other native researchers to further investigate deep into the main challenges and opportunities of tourism marketing in the country in general and a much more deeper analysis into challenges and opportunities of each sub-sector or component element of the tourism industry,
- Help tourism marketers in identifying different variables that satisfies international tourists.
- Help the marketing intermediaries of the tourism industry to look at themselves to take appropriate measures, in the light of prevalent circumstances,
- Provide better insight to the government policy makers and other stakeholders to come up with sound and comprehensive marketing strategies to enhance tourism performance both at local, state and federal level.
- To provide suggestions or recommendations based on the investigation.

1.4 OBJECTIVES OF THE STUDY

The general objective of the study has been designed to analyze the performance level of tourism marketing in Ethiopia. In other words, the study has been conducted mainly for achieving the following objectives:

i) to identify the most important and significant variables/dimensions, factors and facilities that attracts tourists to visit Ethiopia and determine their level of satisfaction;
ii) to identify the most important and attractive tourist market segments in Ethiopia;

iii) to examine the most important tourist generating regions/countries, revenue and market share of Ethiopia from global tourism

iv) to assess the performance of marketing intermediaries in relation to level of tourist satisfaction in Ethiopia;

v) to identify the critical strategic success factors and promotion strategies used by the government and other stakeholders for making the country as one of the most attractive tourist destination and

vi) to examine the level of host communities satisfaction/attitudes towards tourism activities in five high tourist traffic areas in Ethiopia.

1.5 HYPOTHESIS OF THE STUDY

In line with the above objectives, the following null hypothesis were developed or formulated to be tested using appropriate statistical tools such as independent t-test, One-way ANOVA, a stepwise multiple regression analysis, factor analysis and descriptive statistics.

H1: There is no significant mean response difference in the overall level of satisfaction of tourists in terms of tourists’ demographic characteristics, such as gender, age, education level, and total household incomes.

H2: There is no significant mean response difference in the overall level of satisfaction of tourists in terms of tourists’ travel behaviors such as past experience, decision time to travel, duration of advance booking, length of stay, membership in a group, number of previous visits, potential for revisiting and purpose of visiting.

H3: Airport facilities /dimensions are not significant drivers of tourists overall level of satisfaction.

H4: Destination attractiveness attributes/ dimensions are not significant drivers of tourists overall level of satisfaction to visit Ethiopia.

H5: Destination choice preference variables are not significant drivers to make Ethiopia as a recommendable place to be visited.
H6: Push motivational factors (emotional state of the tourist) are not significant drivers of tourist’s overall level of satisfaction.

H7: Pull motivational factors are not significant drivers of tourist’s overall level of satisfaction.

H8: Quality of experiences and services dimensions are not significant drivers of tourists overall level of satisfaction.

H9: There is no significant relationship among promotion budget, tourist traffic and revenue generated from tourism marketing in Ethiopia.

H10: Travel agents and tour operator’s services are not significant drivers of tourists overall satisfaction.

H11: The tourism positive consequences/dimensions are not significant drivers of the host community attitudes towards the tourism marketing activities in their locality.

H12: The tourism negative consequences or dimensions are not significant drivers of host community attitudes towards tourism marketing activities in their locality.

H13: There is no significant mean response difference in the overall satisfaction level of host communities in terms of resident’s socio-demographic characteristics, such as gender, age, education level, and total household incomes.

1.6 DATA COLLECTION AND ANALYSIS METHODS

The survey undertaken has identified three target groups. To realize the objectives of the study both secondary and primary sources were used. The secondary sources include magazines, Brochures, newspapers, articles; statistical bulletins, websites etc. were used.

When it comes to primary data three types of questionnaires targeting three respondent groups were used which will be further explained below.
The first respondent group consisted of international travelers who visited Ethiopia and all were 18 years and above. An international tourist other than transit tourists who stayed in the selected hotels or guest houses were asked to fill the questionnaire by the front desk manager in charge and receptionist staffs depending on their convenience.

A questionnaire containing various sections was developed and tested on 10 three to five star hotels on 60 tourists in total 6 from each hotel. Based on the response and comments given from the respondents, necessary adjustments were made on the wording, phrasing, sequencing as well as other issues related to those questions. Based on the feedback given from sample tests and making all the necessary adjustments to the point of certain omissions or deletions, the final questionnaire was developed.

The questionnaire tried to solicit answers for various variables/dimensions motivating tourists to visit Ethiopia, factors that helped the tourist to decide to visit Ethiopia, level of destination attractiveness, detrimental factors for destination loyalty, identification of most valued market segments, and evaluation of various infrastructural facilities available, quality of experiences and services and role of marketing intermediaries to meet the needs of tourists.

The developed questionnaire was distributed to 4 government hotels, 4 private hotels, 4 guest houses, where tourist traffic is quite high based on recommendations from the hotel industry relevant personnel’s and 11 actively performing travel and tour operators. The number of copies distributed to all hotels and guest houses was 480 (12x40) and 220 copies (11x 20) to actively performing travel and tour operators. Out of the 700 hundred copies 350 copies were returned, however, during editing; only 300 copies were found valid / usable for analysis.

Although, the nominal response rate was 50 % (350/ 700) the actual response rate turned out to be 43% (300/700). Since the number of questionnaires distributed in total was 700 where as the actual number of usable questionnaires were only 300 copies the actual response rate was pushed down to 43 % (300/700).

Once the data’s were collected, then the questionnaires were edited, coded, entered and processed using SPSS. During analysis both descriptive and inferential statistics methods were used, wherever they were deemed appropriate. The inferential methods used for the purpose of analysis in testing the hypothesis included independent T-test, one way – ANOVA, stepwise multiple regressions analysis and factor analysis. From the descriptive statistics, descriptive, frequency tables, ranking methods, bar charts, simple line graphs etc; were used.
The second target group consisted of management members and experts of Ministry of Culture and Tourism (MOCT), Management and senior experts working in travel and tour operators, ex-managers and experts of MOCT and authorities in the field.

The purpose of the questionnaire was directed to these groups of people to identify the strategic success factor that makes the country as one of the most competitive and attractive tourist destination. The questionnaire tried to solicit answers for various critical strategic success factors grouped in three broader headings: Sustainable growth, destination management process and future growth and sustainable development of tourism in Ethiopia so as to make Ethiopia as one of the most competitive and attractive tourist destination in the world. The marketing experts were used to facilitate the filling of the questionnaires at each level in the respective stakeholder organizations while individual experts and authorities were contacted on informal lines.

The number of questionnaires distributed were 150 and all were distributed both at federal and regional state level. The number of usable questionnaires was 78. The actual response rate was 52% (78/150). The sample size for this study thus comprises of 78 respondents representing major stakeholders involving Ethiopian Tourism Industry. Regarding sample size determination, Yoon (2002) argues that, in general, there is no correct sample size, although larger sample sizes are always preferable.

Once the data’s were collected, then the questionnaires were edited, coded, entered and processed using SPSS. During analysis both Factor analysis and stepwise multiple regression analysis methods were applied, wherever they were deemed appropriate.

The Third target group consisted of the top five tourist host communities in Ethiopia identified and selected by MOCT marketing experts. These communities included Axsum, Bahir Dar, Konso, Lalibela and Semien Mountain National Park. Community members who are able to read and write as well as 18 years and above were selected as target groups.

The main purpose of the questionnaire was to identify attitudes of host communities regarding tourism activities undertaken in their respective localities. The questionnaire was translated from English into Amharic by a licensed document translation office operating in the capital city Addis Ababa, Ethiopia to extract the necessary information from residents.
The questionnaire contains section like positive and negative dimensions of tourism, identification of main concerns of tourism, the expected volume tourist traffic into the locality, major areas that call for improvement of tourism marketing in the area and respondents profile.

The number of questionnaires distributed was 650 copies in total. In other words, 150 copies of same questionnaire were distributed to each of the five communities. A closer follow up with the sincere support of host community tourism experts were made to facilitate the distribution and collection process of the questionnaires as well as to maximize the response rate.

The actual response rate was different from community to community. The actual response rate in Axsum was 59 % (88/150), Bahir Dar 73 % (110/150), Konso 50 % (75/150), Lalibela 53 % (80/150), and Semien Mountain national Park 60 % (90/150).

Once the data’s were collected, and then the usable questionnaires were sorted out or edited, coded, entered and processed using SPSS. During analysis independent T-test, one way – ANOVA and stepwise multiple regression analysis were used to process and interpret the collected data; wherever they were deemed appropriate. Moreover, descriptive statistics were also used for descriptive- research- oriented research questions.

1.7 LIMITATION OF THE STUDY

Data has been collected from both primary and secondary sources.

Primary data collection: When data was collected from international travelers, the following problems were encountered. Firstly, due to financial constraints data was not collected from tourists staying in almost all regional hotels in the country. In the case of hotels, in Addis Ababa, considerable number of public and private hotels as well as travel operators were committed enough to distribute and collect the questionnaires from International tourists using their front line employees. Secondly, some Government hotels and some travel and tour operator’s managers showed little interest to facilitate the data collection process regarding questionnaire to be filled by tourists. However, by making repetitive telephone calls, personal presence/attendance and confrontations, supports given from the Top Management of Ministry of Culture and Tourism, considerable number of questionnaires distributed were filled up and collected from most of the Hotels.
When data was collected from tourism stakeholders, using the strategic and critical success factors questionnaire; the following problems were encountered. Firstly, some senior and junior managers and experts from ministry of culture and tourism were highly reluctant to fill up and return the questionnaires, despite repetitive efforts made. Secondly, even if it is filled, some of them were incomplete and hence unusable. This has influenced the actual response rate. However, due to an interference of some research-orientated and committed senior managers and experts, an attempt was made to distribute to other tourism stakeholders such as travel agency and tour operators, managers, and Hoteliers, Heritage associations to offset the problems observed.

When data was collected from tourist-host communities, the number of questionnaires distributed was high. However, due to the high illiteracy rate, less exposure to research, accessibility and distance away from the capital city, again the response rate was not as high as expected. However, an attempt was made to collect the questionnaires with the help of the selected top five tourist destination tourism experts/officers working in each locality. In fact, residents who were able to read and write as well as 18 years and above were selected randomly to fill questionnaires translated into the national language - Amharic. Almost all showed the willingness to fill the questionnaire distributed. However, despite clear instructions given to respondents, during editing, there were incomplete answers given, so that the nominal response rate and the actual response rate showed a considerable difference in some of the communities. Had all respondent groups been highly literate and local facilitators were willing and committed for good; the actual response rate could have been definitely higher than the present figure. These were some of the shortfalls encountered during the data capturing process. The problem related to data collection process from primary sources was compounded by the very low research culture prevalent in the country. However, by distributing to a large number of hotels, private rented houses, travel and tour operator’s, tourism stakeholders, the top five selected host communities, the data capturing process was successfully carried out.

Secondary Data: The secondary data was collected from annual reports, bulletins, and websites of Ministry of culture and tourism bulletins and any pertinent literature available in the National archives and Tourism Library. Regarding tourist traffic and revenue generated, it was done up to 2005 and others are projected figures. The analysis didn’t include 2006/2007 tourist traffic as well as income generated figures. The promotion budget allocated by the Government considers only the amount of money incurred for
participating in international tourism exhibitions organized in different countries. In other words, there is no ready made and compiled data regarding the total budget allocated for promoting tourism at a national level. These are some of the short falls encountered during data capturing process from secondary sources.

1.8 CHAPTER LAYOUT

The study contains six chapters. The first chapter discusses the introduction of the study. The second chapter deals with tourism marketing—a conceptual approach. The third chapter is concerned with an overview of tourism destinations and activities in Ethiopia. The fourth chapter deals with literature review. The fifth chapter is concerned with the data analysis and interpretation. The sixth chapter is concerned with the conclusion, recommendations and suggestions for future research and is presented sequentially. Lastly, references and draft copy of questionnaires are annexed.